



COMMISSION NEWS

ARIZONA CORPORATION COMMISSION, 1200 W. WASHINGTON, PHOENIX, AZ 85007

TO: EDITORS, NEWS DIRECTORS
FOR: IMMEDIATE RELEASE

DATE: March 23, 1998
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“GOLD DIGGERS” INDICTED ON 35 FELONY COUNTS, THEN ORDERED BY COMMISSION TO PAY RESTITUTION

PHOENIX, AZ/March 19, 1998 – Black Diamond Mining Corporation and its president, James Albert Ashpole, committed securities fraud in connection with their attempts to sell \$2 million worth of unregistered stock, according to a final order by the Corporation Commission. The commission’s order follows a 35 count indictment by an Arizona grand jury against Ashpole and one of Black Diamond’s salesman, Robert L. Musick.

Beginning in around May 1997, Black Diamond began soliciting investors to buy stock in Black Diamond for \$1.00 per share, before its supposed public listing on the NASDAQ at \$10.00 per share within the coming weeks. Black Diamond never went public.

According to information given to investors, Black Diamond owned a mining claim known as the Lelan-Dividend mine located in Humboldt, Arizona which contained estimated ore reserves of \$256,535,000. Potential investors were told that net income was projected to be as high as \$21,000,000 per year over the next ten years. Black Diamond purportedly was in the process of raising \$2,000,000 for mining and delivering gold-bearing ore to a smelter run by Phelps Dodge Corporation.

Black Diamond gave some investors a video showing equipment moving and loading dirt at the mine site. However, the Securities Division’s investigation established that the video was made almost a year earlier and shows activity of a failed operation that took place in 1996. Black Diamond also favorably compared its claim to a “neighboring Stan West Mine,” which has been underwater since 1992 with the entrances cemented shut since early 1993.

Black Diamond’s Arizona sales operations were shut down by a temporary order to cease and desist by the commission in September 1997. However, with the assistance of the Texas Securities Board, the Securities Division confirmed that Black Diamond had moved its operations to Ft. Worth, Texas just after the first of the year. The Securities Division then referred the case to the Arizona Attorney General for criminal prosecution. The grand jury handed down indictments on February 25, 1998. On March 11, 1998, Musick and Ashpole were arrested while reentering the United States through Nogales Grand Port of Entry. Both men were taken into custody by the Santa Cruz County Sheriff’s Office.

Michael G. Burton, Sr., Director of the Securities Division, encourages “anyone who has invested in Black Diamond or with Ashpole to contact John Walsh of the Division at (602) 542-4242.” The Division urges the public to inquire as to the registration status of both the securities product and the securities salesmen before investing. The Division may be contacted at (602) 542-4242, by facsimile at (602) 594-7470, or by e-mail at accsec@ccsd.cc.state.az.us.

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